UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
Washington, D.C.

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TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood.
Specialists in Information.

REQUEST FOR "BASIC" DESIGNATION OF POTATOES

A growers' committee for the development of a potato-adjustment program has submitted to the Agricultural Adjustment Administration three optional plans designed to improve the economic position of potato growers. Two of these plans would require that potatoes be declared a basic commodity by amendment to the Agricultural Adjustment Act, and would provide for acreage adjustment, while the third would set up allotments to individual growers under a marketing agreement and license.

The committee represents growers in the various potato-producing areas along the Eastern Seaboard. It submitted the optional plans with the request that the Adjustment Administration and the Department of Agriculture work out the details, with an analysis of the probable effect of each plan on the industry. The committee will meet later to consider these analyses. The optional plans, as suggested by the committee, are:

1. That potatoes be designated as a basic agricultural commodity, with provisions permitting assessment in the nature of processing taxes, and to provide benefit payments to growers cooperating in an adjustment program.

2. That potatoes be designated as a basic agricultural commodity, with additional provisions for allotments to growers, and special assessments on those producers growing more than their allotments, and providing for benefit payments to growers producing and marketing less than their allotments.

3. A marketing agreement and license under which individual growers would be granted allotments before planting, these allotments to be used as a basis for production and marketing, with other provisions for price-posting, and regulation of shipments of lower grades to markets.

The members of the program-development committee are: William H. Halloway, Newark, Md., W. C. Beaven, College Park, Md., Spencer Perrine, Cranberry, N. J.,B. D. Ayeres, Accomac, Va., T. H. Nottingham, Eastville, Va., R. T. Etheridge, Princess Anne, Va., Dudley Bagley, Meyock, N. C., L. D. Midyette, Aurora, N. C., W. S. Byrd, Mt. Olive, N. C., John W. Geraty, Yonges Island, S. C., J. M. Harrison, Jr., Charleston, S. C., G. E. Diamon, Southampton, L. I., and D. E. Timmons, Gainesville, Fla.

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RULINGS FOR 1935 CORN-HOG PROGRAM ISSUED

Official administrative rulings pertaining to the 1935 corn-hog contract have been received by the Agricultural Adjustment Administration from the Government Printing Office. They were explained in detail at the six regional meetings with State corn-hog campaign workers held this week.

"A booklet containing the rulings and facsimiles of the several forms to be used in the sign-up, including the contract, will be distributed to each farmer applying for a contract at the time of the community meetings in January or early February," Dr. A. G. Black, chief of the Administration's corn-hog section, said. "In this way, each farmer will have the full information concerning his contractive obligations in 1935."

Administrative rulings are issued by the Secretary of Agriculture primarily to govern the application of the contract to the many different situations among corn-hog farmers over the country. They care for special circumstances so infrequently encountered as not to warrant their inclusion in the contract provisions. They also define clearly who is eligible to sign up and share in the adjustment payments. This is particularly necessary in the case of landlord-tenant relationships.

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UNOFFICIAL RETURNS ON BANKHEAD ACT REFERENDUM

Unofficial and incomplete returns from the referendum on the Bankhead Control Act on Friday, December 14, indicate that approximately 90 percent of those casting ballots favor continuing the Act for 1935, it has been announced by the Agricultural Adjustment Administration.

The preliminary tabulation shows a total vote of 1,505,604, with 1,348,197 voting in favor of continuing the Act and 157,407 voting against it. It is estimated that more than 60 percent of all producers eligible to vote actually participated in the referendum.

"The very large affirmative vote in the Cotton Belt," Cully A. Cobb, Chief of the Cotton Production Section, said, "indicates a determination on the part of cotton producers of the South to continue the cotton adjustment program, with the principle of supplementary control as embodied in the Bankhead Act."

Complete and official returns from the ballot of December 14 are required to be certified to the Cotton Production Section by the state allot-

ment boards not later than December 24. When these final returns have been submitted and canvassed, a report will be made to the Secretary of Agriculture, who, under the terms of the Bankhead Act, is required, if the Act is made effective, to find that two-thirds of those engaged in the production of cotton favor the continuance of the tax for the 1935 season. For the Bankhead Act to become effective in 1935 a presidential proclamation also will be required, stating that the emergency with reference to cotton production and marketing will or is likely to continue.

The details of the 1935 cotton adjustment program which the cotton producers voted, in the referendum, to supplement with the Bankhead Act, have been announced. The cotton adjustment program includes the offer to non-participating producers a one year contract covering the 1935 season. Approximately 10 percent of the base acreage devoted to cotton production is not included in the two-year contracts signed a year ago covering the 1934 and 1935 seasons.

Under the contract a 25-percent reduction in acreage in 1935 is the maximum that may be asked for, although a producer may reduce his base acreage as much as 30 percent if he wishes to do so, and will be paid accordingly. There are 1,004,000 of these 2-year adjustment contracts covering a base acreage of 38,210,000 acres. If additional signers add a million acres to this base acreage, and if non-signers plant 5 million acres, the total planted acreage in 1935 will approximate 34,400,000 acres.

In 1935 there will be available some 95 million dollars out of which to pay rental and benefits. Contract signers will be paid a rental at the rate of 3-1/2 cents a pound on the average yield of lint cotton for the years 1928-32, with a maximum rental of $18 an acre. They will receive an additional parity payment of 1-1/4 cents a pound on the farm allotment, which is the equivalent of 40 percent of the farmers' average production of the farm for the base period. This represents that percentage of production which ordinarily moves into domestic consumption.

Perliminary statement showing official returns
from Bankhead Referendum.

State	Votes for Act	Votes against Act	Total
Alabama	217,907	11,421	229,328
Arizona	1,165	452	1,617
Arkansas	124,138	9,511	133,649
California	1,949	1,069	3,018
Florida	8,671	634	9,305
Georgia	123,000	18,000	141,000
Illinois	199	46	245
Kansas	53	30	83
Kentucky	1,189	411	1,600
Louisiana	103,978	2,918	106,896
Mississippi	200,913	6,503	207,416
Missouri	10,121	1,778	11,899
New Mexico	1,972	787	2,759
North Carolina	117,318	9,564	126,882

State (cont.)	Votes for Act	Votes against Act	Total
Oklahoma	45,747	29,939	75,686
South Carolina	81,421	5,784	87,205
Tennessee	62,688	8,136	70,824
Texas	237,649	50,150	287,799
Virginia	8,119	274	8,393
Total	1,348,197	157,407	1,505,604

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ONLY AMERICAN COTTON BOUGHT BY THE GOVERNMENT

Commenting on reports that cotton for Government relief purposes has been "purchased" in foreign countries, the office of Oscar Johnston, manager of the cotton producers' pool, has issued the following statement:

"The manager of the cotton producers' pool entered into a contract with the Federal Surplus Relief Corporation on September 12, 1934, for the delivery of 50,000 bales of cotton of qualities specified by the relief organization. The qualities specified by the Federal Surplus Relief Corporation called for the delivery of the lower grades of cotton. The stocks of cotton in the cotton producers' pool did not include sufficient quantities of these lower grades to complete the contract with the Federal Surplus Relief Corporation.

"In order to fulfill the terms of the contract with the Federal Surplus Relief Corporation, the manager of the cotton producers' pool invited members of the cotton trade to submit bids for the sale of low grade cotton to the pool. Simultaneously the manager of the pool announced that he would receive bids for the purchase by the trade of certain cotton of higher qualities held in the stocks of the cotton producers' pool. The bids to sell low grades to the pool and buy better qualities from the pool were opened promptly at 12 o'clock, noon, November 7, 1934 at New Orleans, La. Upon examination of the bids a total of 17,540 bales of low grade cotton was accepted by the manager of the cotton producers' pool. Simultaneously the sale of 17,546 bales was confirmed by the manager of the pool. The terms of the purchase of lower grade cottons included a requirement that such cotton should be American upland cotton and that the sellers should execute the required certificate of compliance of the National Industrial Recovery Act. It was further required that the cotton purchased by the pool manager should be delivered in points within the United States acceptable to the pool manager."

Mr. Johnston stated the cotton would be received in accordance with the terms of the bids and the contract for delivery which was completed upon acceptance of such offers.

According to press reports, one of the successful bidders is shipping a quantity of American cotton from foreign storage points. No such ship-

ment is being made by the cotton pool or any other government agency but is being made by a private firm which was one of the lowest bidders in the transaction and which is completely fulfilling the terms of its contract.

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CONFERENCE ON BUTTER QUALITY WORK SLATED

A program proposing cream grading and grade labeling of butter, designed under the marketing agreement section of the Agricultural Adjustment Act, and developed by the dairy section of the Agricultural Adjustment Administration upon request of the dairy industry of the Pacific coast and adjacent territory, will be submitted to members of the industry in that area at once, it has been announced.

Informal conferences on the program will take place within the next three weeks at Salt Lake City, Portland, San Francisco and Seattle. A representative of the Agricultural Adjustment Administration familiar with marketing conditions in that area will participate in the conferences.

The program is designed to accomplish the same objectives that are sought in the proposed State cream-grading acts now pending in several States, and to provide additional protection for producers. The program in effect would practically oblige butter manufacturers to grade cream, because the actual price differences of butter based on differences in the quality of the cream content would be carried by the butter grades through the markets directly to the consumers.

Adjustment Administration officials point out that the State of Oregon, which probably has gone further in a program of this kind than any other State of the Union, has been marketing its butter on an A, B and C labeling system for eight months. Sponsors of the system assert that favorable results have already been secured in increased consumption.

Their experience indicates that consumers will pay premium prices for a high-quality butter in packages labeled to designate the grade in an easily understood and accurate manner. Furthermore, experience on the West coast indicates that improvement in quality, when designated by consumers' grades, immediately increases consumption, which in turn makes cream-grading an economic necessity on the part of cream buyers and the manufacturers of butter.

This experience is commonly reported by leaders in some States and organizations which have pioneered in marketing butter on quality standards. Many trade associations and students of the butter industry support this stand, as has been determined by recent surveys of opinion by the Adjustment Administration dairy section.

It has been suggested by dairy leaders on the West coast that State legislation be encouraged along the lines of the present Oregon Act, which is coordinated with the Agricultural Adjustment Act. They believe such legislation would be helpful in the butter quality program. All West coast States are now considering legislation similar to that of Oregon. Utah and

Washington have already passed such acts and also have agreements similar to those provided for in the Oregon act.

To bring about more uniform activity on a regional basis among various States, a cooperative program between the Federal Government, through the Agricultural Adjustment Administration, and the various States that desire to cooperate, has been tentatively designed. This program, if satisfactorily worked out, would operate through marketing agreements to which members of the industry and the Secretary of Agriculture would be parties. The Adjustment Administration is willing to cooperate with agencies in all areas where such programs are deemed desirable.

One reason for intensified interest in quality butter is that dairy leaders feel that farmers' prices will be strengthened as quality improves. Another reason is the recent work of the Food and Drug Administration in eliminating from the market cream which is unfit for human food.

Much attention is being given to State legislation by dairymen, and several proposed cream-grading acts have already been drafted by various groups of the industry in the butter producing States. The Adjustment Administration supports the principles of cream-grading and believes it to be a constructive program.

However, it is felt by dairy leaders that while enforcement of a simple cream-grading law may meet some of the practical difficulties under present marketing conditions, an additional provision for butter labeling will help to accomplish the desired result. A recent study of the Chicago market, made by the dairy section, reveals that the average differential between 90-and 92-score butter amounts to only one-half cent per pound over the past five years. It is questionable, according to the dairy section, whether this amount of margin on butter of different grades would be sufficient to warrant a producer's investment sufficient to produce a higher quality cream.

Another problem involved with enforcement is that of State control of interstate commerce. In the past, State cream-grading laws have often been unsuccessful in enforcement because of interstate commerce in dairy products.

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CLASS 1 RETURNS INCREASED TO PRODUCERS IN BOSTON AREA

Producers selling milk under the prices established for Class 1, or fluid milk, in the existing Federal milk license for the sales area of Greater Boston, received $2,756,635 more from distributors during the period March 16 to December 1 of this year, than they would have received in the same period at prices prevailing in the summer of 1933, before the institution of the license, according to an analysis made by the Agricultural Adjustment Administration.

An average daily volume of 1,455,380 pounds in Class 1, was reported by the market administrator for that portion of the milk accounted for under the license. Reckoning an increase of 62 cents per hundredweight from March 16 to September 1, and an extra 31 cents from September 1 to December 1 under an amended license, the total value added through the enhanced price amounts to $2,756,635.

Before the license was established the price of Class 1 milk, f.o.b. the City, was $2.33 per hundred pounds. Under the license effective March 16 the Class 1 price was increased to $2.95. The amended license of September 1 brought the Class 1 price to its present figure of $3.26 per hundredweight.

For 169 days, from March 16 to September 1, 1934, the average daily sales of all milk reported to the market administrator for the Greater Boston market under Federal license averaged 2,712,412 pounds or about 1,261,581 quarts. Sales of Class 1 milk averaged about 676,921 quarts a day, while sales of Class 2 milk used for cream averaged about 584,660 quarts in milk equivalent daily.

For all milk sold in Classes 1 and 2 during this period of 169 days, producers received an average price of $2.12 per hundredweight, f.o.b. the sales area, or about 4.5 cents a quart, delivered. This brought producers about $57,503 a day on the delivered basis. The price of Class 2 milk was based part of the time on the Boston 92-score butter market quotation, and for the balance of the period on the current sweet cream market as reported by the Bureau of Agricultural Economics. The average Class 2 price for this period was $1.16 per hundredweight.

It is pointed out that the volume of sales reported here may not be complete for the entire area, as some of the milk was not included in the pool under the license.

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LOS ANGELES MILK LICENSE AMENDED

The milk license for Los Angeles, Calif., under the Agricultural Adjustment Act, has been amended by adding provisions which operate to (1) strengthen the relation of the license to California State laws; (2) meet the health regulations of the city of Los Angeles; and (3) adjust resale prices of cream in better relationship with the changed butter market price on the Pacific Coast.

The changes made were recommended by the Pacific Coast representatives of the Agricultural Adjustment Administration. The amendments incorporating them were signed December 15 by Secretary of Agriculture Wallace, and became effective on December 16.

The amended license defines the terms of the license as rules of fair practice and competition, promulgated by the Secretary of Agriculture, and asserts that unless the practices of distributors in the area under license are carried on according to the terms of the license, they constitute unfair practice and competition.

The effect of this provision is to relate the license more closely with Chapter 1029 of the 1933 California laws, which states that when any agricultural industry is being carried on in the State under license from the Secretary of Agriculture, the operation of any similar industry in competition with the licensed operators, is unfair competition unless carried on according to the terms of the license.

The third new provision meets a regulation of the Los Angeles Department of Health, which requires that milk delivered by producers, if it contains less than 8.5 percent of solids-not-fat, must be used for cream or in the manufacture of dairy products, and must not be sold direct to consumers as fluid milk. Adjustments in the producers' price for such milk are made under the amended license. Deductions for such milk will be calculated for each delivery period by the market administrator and will be approximately equal to the difference between the weighted average price per pound of butterfat sold in Classes 1, 2, and 3, and the weighted average value of butterfat in all Class 2 and Class 3 milk.

The minimum scale of resale prices for cream, under the amended license, is slightly increased over the former schedule in order to bring these prices into better relationship with the advanced prices of butter on Pacific Coast markets. At present butter prices and under the former schedule, the cost of a quart of 22 percent cream, based on the f.o.b. price of Class 2 milk, would be about 27.5 cents to distributors and the minimum resale price was 27 cents. Butter prices are factors in the f.o.b. price of Class 2 milk, and are advancing sharply. This advance, reflected in the cost of Class 2 milk from which cream is made, will give the distributors slightly less margin at the 33-cent minimum resale price, than they had at the 27 cent minimum. Similarly, the amended license sets the minimum resale price on 27 percent cream at 40 cents a quart as compared with 33 cents in the old schedule, and on 38 percent cream at 54 cents a quart instead of 44 cents. Compared with former butter prices, the margins are all somewhat less. The prices cited are minimum prices and not the generally prevailing prices in the area, which are not set forth in the license.

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SIOUX CITY MILK LICENSE AMENDED

Reduction of the price payable by distributors for Class 1 milk from 47 cents to 46 cents a pound of butterfat and a shift of the milk from which cream is utilized for ice cream making from Class 2 to Class 3 are changes included in an amendment to the Sioux City, Iowa, milk license, completed by the Agricultural Adjustment Administration, and effective on December 22.

The amendment was signed December 20 by Acting Secretary of Agricul- Rexford G. Tugwell. The changes indicated were made at the request of the Sioux City Milk Producers' Association to adjust their price schedule to practical conditions on the market. The price for Class 2 milk previously used in the ice cream classification proved to be higher than the competitive price for cream used for that purpose, thus causing some distributors and processors to seek sources of cream outside of the local area. The placing of ice cream in Class 3 should tend to restore the business to local producers.

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KALAMAZOO MILK LICENSE AMENDED

An amended license for the Kalamazoo, Mich., milk sales area, approved by agencies on the market, has been completed by the Agricultural Adjustment Administration. Signed December 15 by Secretary of Agriculture Wallace, it became effective December 16.

The changes made in the license do not affect the prices prevailing in the area under the license, but are confined to changes occasioned by the use of the standard form for the sake of clarity and strength. The revised system of dealing with the producer-distributors to exempt them from most of the requirements of the general market pool and adjustment account, and a provision for setting aside reserves to take care of delayed payments to the adjustment fund, are included in the amended license to make it correspond with other licenses.

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AMENDED MILK LICENSE FOR ANN ARBOR, MICHIGAN

An amended license for the milk sales area of Ann Arbor, Michigan, which gives the market administrator power to make adjustments in the classified prices for milk utilized in outside markets, but paid for in the Ann Arbor area, has been completed by the Agricultural Adjustment Administration. It was signed December 19 by Secretary of Agriculture Henry A. Wallace, and went into effect December 20.

Prices to producers are not changed by the amended license, but, by its terms, the market administrator is authorized to approve different prices for Class 1 and Class 2 milk sold and utilized by dealers in outside markets, so as to enable them to meet competition from distributors not included in the license. Such prices may be higher or lower than those named in the Ann Arbor license, but are to correspond with prices which the market administrator determines to be the common prevailing prices in such outside markets.

The entire license has been redrafted on the revised and improved form. Producer-distributors are excluded from the market pool up to the amount of their delivered base milk, but are obliged to make reports to the market administrator and are liable to the pool account for sales of bulk milk to other dealers and purchases of milk from other producers.

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HEARING ON RICHMOND, VA., MILK LICENSE

A public hearing to review points in the existing milk license for Richmond, Virginia, will be held by the Agricultural Adjustment Administration at Richmond in the John Marshall hotel on January 3. At the hearing will be discussed provisions intended to strengthen practical working relations on the market and to bring prices and terms of the license in line with conditions on the market.

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HIGHER COURT DECISIONS AND THE AAA

No decisions by any circuit court of appeals, nor by the Supreme Court of the United States, have involved the constitutionality of any section of the Agricultural Adjustment Act, it is shown by a survey of AAA litigation in 1934, compiled by the office of the General Counsel of the Agricultural Adjustment Administration. In lower courts, during the past year, the constitutionality of the Jones-Costigan Act has been sustained, and one decision upholding the constitutionality of the processing tax sections of the Act has been rendered.

Decisions involving the licensing sections of the Act (Section 8 (3) have, with two exceptions, been based upon the question of interstate commerce under the statute. These exceptions are a Florida case and a case brought on the Chicago milk license. In the Florida case the lower Federal court held the entire act unconstitutional, but was reversed by the circuit court of appeals upon the grounds that the question of constitutionality was not, upon the record, properly before the lower court. In the other case the lower Federal court in Chicago sustained the constitutionality of Section 8 (3) of the Agricultural Adjustment Act and the Chicago Milk License issued under that section. No appeal was taken from that decision.

Thus far, the survey points out, all of the other decisions in cases involving licenses issued under Section 8 (3) of the Act were rendered in granting or refusing preliminary injunctions.

Of the 17 cases in which the validity of licenses issued under Section 8 (3) of the Act was challenged, either offensively or defensively, only three went to a final decree.

The survey states that "the only serious setback sustained by the Government was in seven decisions involving the validity of milk licenses on the question of interstate commerce which were decided between July, 1934, and November 16, 1934." In each of these cases, the lower Federal courts held on the record that the Federal government had no right to regulate the dairies involved in these cases.

"However, it is important to note," the survey continues, "that each of the dairies involved purchased and sold all of its milk within the same State and that practically no fluid milk was shipped into the sales area involved (in which the dairy did business) from another State--- in other words, there was no interstate commerce in fluid milk.

"In each of these seven cases the Government sought to justify the legality of the Federal regulation of fluid milk in these seven States upon the sole ground that dairy products (butter, cheese, etc.,) were and are being transported in great quantities in inter-state commerce throughout the country; that the price received by producers for their fluid milk in these markets is so inter-related with the price of these products which move in interstate commerce that the price of the former substantially affects the price and movements of dairy products in interstate commerce, and hence Federal regulation of the purchase of fluid milk from the producer for consumption in these sales areas is legally justified. The contention of the Government was overruled by the lower courts in these seven markets.

This theory of the Government is still somewhat novel and less familiar to the courts." In three of these cases appeals have been taken to the circuit court of appeals.

In one of the seven cases (the Baltimore case) the lower Federal court held that the Baltimore Milk License was not authorized by Section 8 (3) of the Act because, the court said, the license, in effect, contained a marketing plan instead of being limited merely to matters which may be referred to as "unfair practices or charges."

The analysis of the AAA litigation during 1934 concludes with the following statement: "In order to accurately appraise the trends of judicial decisions in AAA litigation, the theory of the Government in these seven cases (decisions involving the validity of milk licenses on the question of interstate commerce) should be sharply and clearly distinguished from the theory of the Government in markets like Chicago and Boston, for example. In these latter markets the theory of the Government is briefly as follows: That in excess of 40 percent of the milk consumed in these milksheds is produced outside of the State; that in order for the Federal government to effectively regulate the interstate milk, it is necessary to regulate milk produced and sold within each milk shed respectively.

"This contention of the Government was presented to Federal courts in Chicago in three cases. In the first case a judge of the lower Federal court sustained the theory and upheld the Chicago license. The other two Chicago cases were both decided by another judge who held the theory, and the facts supporting this theory, immaterial upon the ground that the Chicago Milk License was a regulation of production of milk and hence could not be interstate commerce. In the case decided favorably to the government no appeal was taken. In the other two cases, the Government has taken appeal."

The two Chicago cases in which appeals have been taken are: Edgewater Dairy Company v. Wallace, and Wallace et al. v. Columbus Milk Producers Cooperative Association, et al; these cases are now pending in the Circuit Court of Appeals for the Seventh Circuit.

(The foregoing press release, dated December 17, 1934, is followed by a summary which gives the nature of each of the cases brought under the Agricultural Adjustment Act and the N.R.A. cases involving codes which are jointly administered with the AAA)

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PROCEDURE GOVERNING ALLEGED VIOLATIONS OF AAA LICENSES

Simplified procedure in dealing with alleged violators of the licensing provisions of the Agricultural Adjustment Act, and reference of such cases to the Department of Justice with the request that the Attorney General of the United States take appropriate action, is provided by General Regulations, Series 10, approved by the President on December 14, 1934, and issued December 19 by Secretary of Agriculture Wallace.

The new regulations set forth the procedure which must be followed in such cases: Whenever the Secretary of Agriculture or any officer designated by him has reason to believe that any licensee, officer, employee or agent of any licensee, under the Agricultural Adjustment Act has violated conditions of the license, he may serve notice upon such person, firm, or corporation to show cause why the matter should not be referred for action to the Department of Justice. This notice shall contain a statement of the alleged violations, and set forth specifications with which the licensee must comply in replying to the charges preferred.

If the answer of the alleged violator is sufficient, proceedings may be dismissed. If the case is not dismissed, the Secretary or his representative may appoint a time and designate a place, in the state where the licensee's principal place of business is located, for a public hearing, to be conducted by the Secretary or a presiding officer designated by him.

The presiding officer shall make proposed findings of fact, and shall report them to the Secretary with his recommendations. The Secretary shall render a decision and enter an order either dismissing the charges or referring the proceedings to the Department of Justice with the request that the Attorney General of the United States take appropriate action against the licensee.

If the Secretary enters an order finding that the licensee has violated any of the terms or conditions of the license, he may exclude, without referring the case to the Department of Justice, the licensee from the class to whom any later license may be issued in the handling of the same commodity or product. Any order either dismissing the charges or referring the matter to the Department of Justice, must be signed by the Secretary or the Acting Secretary.

These regulations do not exempt persons from fines or penalties by reason of handling any product or commodity in the current of interstate commerce without a license, nor abrogate the right of the Secretary to refer any reported violations of license to the Department of Justice in the absence of such proceedings, or from following any other remedies provided for by General Regulations.

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SUGAR BEET GROWERS' CONTRACT SIGN-UP UNDER WAY

More than 16,000 sugar beet adjustment contracts have already been signed by farmers in the sign-up campaign now under way in the principal sugar beet areas of the country, John E. Dalton, chief of the Sugar Section of the Agricultural Adjustment Administration, announced on December 15. The sugar beet campaign is part of the general sugar program of the Adjustment Administration which seeks to bring the production of sugar in areas supplying the United States to approximately the amounts established by quotas under the Jones-Costigan Amendment.

The sugar beet program aims at giving producers a parity return on their production, in consideration of agreements of growers to maintain their production at the point necessary to produce only the sugar allotted for annual marketing by the domestic beet industry. Payments to growers on their 1934 crop are estimated at approximately $15,000,000.

Of the contracts already signed, approximately 6,700 have been signed in Colorado; 4,100 in Utah; 2,000 in Idaho; 1,500 in Nebraska; and 1,000 in California. Many will be mailed to Washington at once, and audited for approval and payment of the first installment of the 1934 benefit payment. This first installment, which, with other adjustment payments is financed by the processing tax of 1/2 cent a pound on sugar, is to be $1 a ton on the estimated production of the grower on his acreage planted for 1934. The second installment will be paid later.

The Sugar Section also has announced that adjustment contract forms for the Louisiana sugarcane adjustment program have now been printed and forwarded to the field, and that the sign-up compaign in that area will begin at once.

State reports of the sugar beet campaign to date, as received by the Sugar Section, follow:

COLORADO: T. G. Stewart in charge of the campaign, reported 16,700 contracts signed and the sign-up complete in some factory districts. Many districts have signed up 95 percent of the growers.

UTAH: William Peterson, director of the State Extension Service, reported that 4,100 contracts would be forwarded to Washington today.

CALIFORNIA: J. Earl Coke, in charge of the state program, reported 1,000 contracts signed, and estimated that all contracts signed by growers who have been consistent producers would be ready to send to Washington shortly after January 1.

IDAHO: E. T. Benson, in charge of the Idaho program, reported 2,000 contracts would be completed by the end of the week. He estimated the sign-up would be practically 100 percent.

WYOMING: Approximately 150 contracts signed and the prospect that the bulk of the contracts in the state would be signed during the next week was reported.

NEBRASKA: J. P. Ross, agricultural agent, reported from Scottsbluff that 1,502 contracts had been signed in one county having 1,784 growers.

KANSAS: H. Umberger, state director of the Extension Service, reported 390 contracts signed, representing 12,500 base acres, with an average production of 90,000 tons of sugar beets.

MONTANA: G. P. Bingham, State Extension supervisor, reported agents checking growers' records, and estimated that the bulk of contracts would be signed by January 1.

WISCONSIN: W. W. Clark, State director of Agricultural Adjustment Administration work, reported 200 contracts signed, and estimated sign-up would be complete by Christmas.

WASHINGTON: Fred Frasier, assistant county agent at Bellingham, reported 483 contracts signed, covering approximately 3,600 acres.

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BEET SUGAR ORDER AFFECTS PARTS OF 1934 MARKETING ALLOTMENTS

The surrender by four beet-sugar companies of their right to market portions of their 1934 marketing allotments, and the transfer of this marketing right to 13 other beet-sugar companies has been announced by the Agricultural Adjustment Administration. The transfer covers 125,388 bags of refined sugar of 100 pounds each and becomes effective through Continental United States Beet Sugar Order No. 4, signed December 15 by Secretary of Agriculture Wallace.

This transfer applies only to the 1934 marketing allotments, the Administration announced. In general, the marketing allotments which have been surrendered were originally made to those companies whose production has been reduced by drought and who have been unable to process the full quota allotted to them. Companies receiving the additional allotments are those having the opportunity and the desire to sell sugar in addition to the allotments made to them up to this time. This transfer does not in any way increase the quota of 1,556,166 tons for the continental beet area for 1934.

Of the 27 beet sugar companies in the United States queried by the Sugar Section on the question of surrender of allotments, four surrendered parts of their allotments, 13 requested additional allotments, and 10 indicated no change was desired. The four companies surrendering parts of their allotments and the amounts surrendered are:

Companies	Amts. Voluntarily Surrendered Bags 100 Pounds Net Each
Gunnison Sugar Co.	50,000
Union Sugar Co.	35,732
West Bay City Sugar Co.	23,401
Rock County Sugar Co.	16,255
	125,388

The 13 companies receiving surrendered allotment, and the amounts prorated to them on the basis of their allotments, as defined in Continental United States Beet Sugar Order No. 3, are:

Companies	Amounts Allotted
Central Sugar Co.	1,092
Franklin County Sugar Co.	1,292
Great Lakes Sugar Co.	3,413
Great Western Sugar Co.	56,021

Companies (Cont'd)	Amounts Allotted
Holly Sugar Corporation	21,460
Lake Shore Sugar Co.	390
Los Alamitos Sugar Co.	547
Menominee Sugar Co.	1,098
Michigan Sugar Co.	8,113
Paulding Sugar Co.	1,221
St. Louis Sugar Co.	1,212
Utah-Idaho Sugar Co.	16,801
Spreckels Sugar Co.	12,728
	125,388

###

1934 CUBAN SUGAR QUOTA EXHAUSTED

The Agricultural Adjustment Administration has announced that the 1934 quota for imports of sugar from Cuba for consumption in the United States has been reached. The quota was established by the Secretary of Agriculture under the Jones-Costigan Act in June, 1934, and amounted to 1,901,752 short tons raw value. Formal certification of the foregoing, dated December 18, was signed by Secretary of Agriculture Henry A. Wallace.

As a result of closing the Cuban quota for the calendar year 1934, no more sugar from that area can enter the United States during the calendar year, unless it is stored in bond. The Cuban quota is the last quota to be filled from a major offshore area supplying sugar to the United States. The Philippine quota was closed early in the summer and the Puerto Rican and Hawaiian quotas were completed in November. The Cuban direct-consumption sugar quota of 418,385 tons was exhausted October 26, and all Cuban withdrawals from customs custody since that time have been of raw sugar.

The Jones-Costigan Act provides that any imported sugar with respect to which a drawback of duty is allowed, under the provisions of Section 313 of the Tariff Act of 1930, shall not be charged against the country from which the sugar was imported. In the event that such drawbacks are allowed, further entry of Cuban sugar for consumption would be permitted.

In November the Agricultural Adjustment Administration announced that any Cuban sugars in bond on December 31, 1934, on which duty had not yet been paid by that date might be admitted as 1934 quota sugars within the limits of the quota, under certain conditions. The Cuban quota has now been completed, however, by actual entry of sugar upon which duty has been paid. Consequently, Sugar Section officials pointed out, it will be unnecessary to admit, as part of the 1934 quota, sugars remaining in bonded warehouses on December 31, 1934, upon which no duty has been paid, unless drawback credits arise.

Secretary Wallace has designated the Chief or the Acting Chief of the Sugar Section to act as his agent in authorizing substitution of sugars under the ruling by the Secretary of Agriculture on July 11, 1934. This ruling permits collectors of customs to admit excess quota sugars for domestic consumption, provided that an equivalent amount of sugar previously

entered under the quota is delivered to collectors of customs. The designation of the Chief of the Sugar Section as agent has been made to facilitate the administrative procedure.

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PHILIPPINE LAW SETS UP MACHINERY FOR AAA SUGAR PROGRAM

The creation in the Philippine Islands of a United States Sugar Authority and other administrative machinery necessary for carrying out the sugar program of the Agricultural Adjustment Administration in the Philippines has been provided for in the Sugar Limitation Law recently enacted by the Philippine legislature.

The law will make it possible for Philippine sugar producers to share in the benefits of the general sugar program of the Adjustment Administration. It is to be in effect for three crop years, beginning with the 1934-35 crop.

The law provides for the limitation, regulation, and allotment of sugar produced in the Philippine Islands and for its processing and marketing. It was enacted as emergency legislation, the Legislature declaring that the production of sugar in the Philippine Islands had reached such a degree of development that unless some regulation and restriction were undertaken, a huge surplus of unmarketable sugar would inevitably result, and seriously menace the existence of the sugar industry in the Islands.

The rapid development of Philippine sugar production is indicated by the increase from 417,000 tons in the 1923-24 crop season to 1,571,000 tons in 1933-34. The import quota for the Philippines for the current calendar year, as determined by the Secretary of Agriculture under the provisions of the Jones-Costigan Act, is 1,015,185 tons.

Under the Philippine law, production of sugar in the Islands is limited to the amount which can be shipped to the United States, consumed domestically, or which may be determined necessary as reserves. Such production must be licensed and the Governor-General is directed to announce by proclamation the total amount of sugar which shall be produced from each crop, beginning with the 1934-35 crop.

The declared policy of the Legislature as set forth in the Act is:

"First, to limit the production of sugarcane and sugar in the Philippine Islands to such an amount as would be sufficient to cover the quota allotment to the Philippines under the United States laws and the needs of the local consumption, plus such reserves as may be determined from time to time in accordance with the provisions of this Act.

"Second, to recognize the United States sugar authority in the Philippine Islands for the control and allotment of sugar to be transported to, processed in, and marketed in continental United States under the laws of the United States seeking to effectuate the same, and to harmonize the laws of the Philippine Islands with those of the United States insofar as they affect production, manufacture and marketing of sugarcane and sugar produced in the Philippine Islands.

"Third, to allot among mills and plantation owners the quantity of sugar which may be reduced and marketed for direct consumption or held for reserve in the Philippine Islands, and, to make such allocation in such a way as to offset and ameliorate hardships and inequalities that may result from allocations made under the laws of the United States."

The Act classes all sugar produced in the Islands as "A", "AA", "B", and "C" sugar. "A" sugar consists of centrifugal sugar manufactured in the Philippine Islands which is permitted to be transported to, processed in, or marketed in continental United States. "AA" sugar is refined sugar manufactured in the Islands which is permitted to be transported to, processed in, or marketed in continental United States. "B" sugar is centrifugal sugar manufactured in the Islands for consumption within the Islands. "C" sugar is centrifugal sugar which may be used as emergency reserve to make up any deficiency in "A" sugar or "B" sugar or for marketing elsewhere than in the United States or the Philippine Islands.

Total sugar production is limited to (1) total "A" and "AA" sugar allowed to enter the United States under the quota, plus (2) such "B" sugar determined necessary for Philippine consumption, plus (3) "C" sugar equivalent to 10 percent of (1) and (2) or 100,000 short tons, whichever is greater. This last item may include stocks of "C" sugar on hand.

The United States Sugar Authority is to be comprised of the Governor-General of the Islands and such officials of the United States or the Philippine Islands as he may designate. The Sugar Authority is to allocate "A" and "AA" sugar among sugar plantation owners, sugar mills, and refining plants, and the Governor-General is to allot among planters the total amount of "B" and "C" sugar to be manufactured each year.

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HEARING ON CALIFORNIA ALMOND AGREEMENT

A public hearing on a proposed marketing agreement license for almonds grown in California will be held at the University of California, Berkeley, Cal., on January 7, it has been announced by the Agricultural Adjustment Administration.

The proposed agreement contains provisions for minimum selling prices and surplus control. The minimum selling prices would be announced not later than August 1 of each year, and would vary according to pack, grade and variety. These prices, with certain limitations, would be subject to change during the season by the Control Board in charge of the agreement.

A surplus control plan is included in the proposed agreement whereby the control committee, not later than August 1 of each year, would announce the "salable" and "control" percentages to be effected on all almond supplies in the hands of the producers and packers, of both old and new crops. The announced salable percentage, under the provisions of the agreement, could not be reduced during the current market season, but might be increased providing that the quantity of almonds thereby released, would sell at a price equal to or above the minimum prices established for the particular grade, variety and pack. Certificates showing the identity, grade, variety and pack of all almonds shipped are also provided for.

The control committee for the agreement would consist of nine members. Four would be selected by the almond growers by an election, with at least one of the four to be a member of the California Almond Growers' Exchange; four, with at least one a member of the Exchange, would be selected at an election by all the contracting packers; and the ninth member would be selected by the original eight.

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LICENSE ISSUED ON CALIFORNIA RICE INDUSTRY

A license for the California rice industry, in connection with the marketing agreement for the industry, was signed December 20, by Acting Secretary of Agriculture Rexford G. Tugwell, to become effective on December 21, it is announced by the Agricultural Adjustment Administration.

Included in the license are provisions that the licensees pay the price for paddy rice as designated in the marketing agreement. The prices for paddy rice are determined according to the formula contained in the agreement which is on the basis of grades certified by the Appraisal Board. Licensees may apply to the Marketing Board for information concerning the proper prices to be paid.

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HEARING ON AMENDMENTS TO FLORIDA CELERY AGREEMENT

A public hearing will be held on proposed amendments to the marketing agreement and license for celery grown in Florida, on December 27, at Lakeland, Fla., according to a notice of hearing issued by Secretary of Agriculture Henry A. Wallace.

One of the proposed amendments concerns changing of the number of members of the control committee and method of their selection, in the district composed of Sanford and Oviedo districts. Under the present provisions of the agreement three grower members on the committee are jointly elected by the growers of these two districts and one shipper member is elected by the shippers. The control committee has proposed that the agreement and license be amended to provide for the election of one grower member and one shipper member from that district by the growers and shippers respectively of the district. These members would be in addition to the members now allowed thus changing the membership of the control committee from fourteen to sixteen.

Another proposed amendment concerns provisions for the selection of the representatives to the control committee. Under the present agreement each shipper shipping more than 500 cars of celery is entitled to select one member to the control committee. Under this provision a shipper whose shipments have dropped below that figure has lost his right to selection of a member, and in order to maintain an equitable representation on the committee it has been proposed that in the event that any shipper loses his right to representation from any district that all of the shippers from that district shall be entitled jointly to select an additional member to the control committee.

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PUERTO RICAN SOIL SURVEY TO BE MADE

The first allotment of sugar processing tax funds under the general-benefit-of-agriculture provision of the Jones-Costigan Act has been announced by the Agricultural Adjustment Administration. The expenditure of $15,000 for making a comprehensive soil survey in Puerto Rico has been authorized by Puerto Rican Tax Fund Order No. 1, signed by R. G. Tugwell, as acting secretary of agriculture, and approved by the President, under the terms of the Agricultural Adjustment Act. The Bureau of Chemistry and Soils of the Department of Agriculture has been directed to complete the survey.

The soil survey is considered a basic step in the rehabilitation program being worked out for Puerto Rico. This project was initiated last spring, and was made the subject of an agreement between the Puerto Rico Policy Commission and the Department of Agriculture.

The order making processing tax funds available for this survey work is the first such action taken under the provision of the Jones-Costigan Act, which provides that processing taxes on sugar from the various insular areas of the United States may be placed in separate funds and used for the general benefit of agriculture as well as for rental and benefit payments to cane producers cooperating in adjustment programs.

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PRICES PAID BY FARMERS FOR FIVE COMMON ARTICLES

On December 15, 1934, the Bureau of Agricultural Economics issued a report, being the sixth of a series, based on a three day-price enumeration made by Federal Civil Works Administration employees on a national scale from January 24 to 27, 1934. The enumerators visited 25,721 representative implement dealers, hardware stores and general stores handling farm equipment and supplies in towns of 15,000 population or under in agricultural areas to obtain price quotations, which have been combined into State averages for individual commodities.

Prices paid for farm equipment and supplies were highest in the Rocky Mountain and Pacific States and lowest in the East North Central, West North Central and West South Central States. Prices paid for farm equipment and supplies ranged from 28 percent above the national average in Idaho, Utah and Nevada to 9 percent below the national average in Kansas and Missouri. The fact that farm equipment is manufactured principally in the central portion of the country accounts largely for the geographic variations in price. Transportation costs from the Mississippi River Valley to Rocky Mountain States are a considerable factor in prices farmers pay for equipment and supplies in that area. Reports on prices paid for feed, seed, fertilizer and farm machinery, by States, will be published at a later date.

The following tabulation shows the prices paid by farmers from January 24 to 27, 1934, in the designated number of towns in all the States for 3-tine pitchforks, wood bushel baskets, axes with handles, nail hammers with handles and scythes with handles:

State	Pitchforks 3 tine: Towns	Pitchforks 3 tine: Price each	Bushel baskets wood: Towns	Bushel baskets wood: Price per doz.	Axes with handle: Towns	Axes with handle: Price each	Nail hammer with handle: Towns	Nail hammer with handle: Price each	Scythes with handle: Towns	Scythes with handle: Price each
	No.	Dols.	No.	Dols.	No.	Dols.	No.	Cents	No.	Dols.
Me.	52	1.30	43	1.10	55	1.65	51	76	49	3.10
N.H.	29	1.40	5	1.10	30	1.70	27	78	29	3.20
Vt.	43	1.20	14	1.10	45	1.85	42	80	43	3.10
Mass.	61	1.30	6	1.15	65	1.85	61	78	65	3.20
R.I.	13	1.25	1	1.15	16	1.70	13	80	14	3.20
Conn.	51	1.30	6	1.20	51	1.90	44	72	49	3.30
N.Y.	303	1.15	24	1.90	308	1.90	294	83	305	3.10
N.J.	107	1.30	29	1.25	110	1.70	110	80	105	3.10
Pa.	276	1.20	65	1.45	303	1.90	302	79	293	2.95
Ohio	210	1.10	20	1.25	207	1.70	203	79	202	2.95
Ind.	323	1.15	56	1.10	324	1.65	322	76	316	2.95
Ill.	308	1.15	59	1.10	315	1.70	306	73	310	2.95
Mich.	215	1.05	35	1.90	199	1.75	190	72	190	3.00
Wis.	283	1.05	10	1.65	278	1.85	276	68	271	3.05
Minn.	263	1.05	17	1.80	261	1.80	265	70	257	3.10
Iowa	357	1.10	25	1.30	358	1.80	350	77	340	3.10
Mo.	400	1.10	92	1.40	402	1.90	392	70	379	2.95
N.Dak.	185	1.10	4	1.80	180	1.58	184	76	151	3.10
S.Dak.	230	1.15	3	1.60	230	1.62	227	77	174	3.05
Nebr.	282	1.20	43	1.35	290	1.78	287	80	263	3.05
Kans.	309	1.25	21	1.05	345	1.80	344	77	309	3.00
Del.	8	1.30	7	1.25	8	1.70	8	89	8	3.10
Md.	84	1.30	27	1.05	90	1.70	83	89	83	2.95
Va.	208	1.20	18	1.15	260	1.60	212	75	190	2.85
W.Va.	139	1.15	13	1.20	160	1.90	132	80	143	2.90
N.C.	217	1.15	9	1.10	304	1.60	267	75	176	2.85
S.C.	60	1.10	26	1.00	100	1.55	104	69	83	2.85
Ga.	278	1.10	10	1.15	370	1.60	337	65	147	2.90
Fla.	111	1.25	13	2.00	140	1.85	130	77	77	3.25
Ky.	321	1.05	34	1.05	372	1.70	306	80	269	2.85
Tenn.	243	1.10	19	1.20	283	1.75	240	80	172	2.90
Ala.	173	1.05	12	1.80	128	1.70	226	68	300	3.10
Miss.	205	1.05	14	1.50	279	1.70	233	70	79	2.70
Ark.	220	1.05	24	1.40	262	1.80	233	66	143	2.95
La.	157	1.10	12	1.00	228	1.85	189	73	90	2.65
Okla.	248	1.20	14	1.20	281	1.90	274	73	198	3.00
Tex.	541	1.20	18	1.45	626	1.90	604	76	252	3.05
Mont.	124	1.25	3	2.67	133	1.95	130	83	69	3.30
Idaho	98	1.50	2	1.95	106	2.05	102	84	68	3.40
Wyo.	50	1.50	-	-	57	2.00	57	88	27	3.55
Colo.	157	1.45	7	1.60	205	1.85	192	83	109	3.15
N.Mex.	51	1.45	4	2.20	65	1.85	64	85	27	3.05
Ariz.	23	1.70	-	-	33	2.00	31	89	15	3.55
Utah	45	1.50	2	2.30	62	1.80	59	92	28	3.30
Nev.	19	1.45	-	-	22	1.85	18	100	9	3.30
Wash.	103	1.35	5	1.15	115	2.10	117	85	89	3.25
Oreg.	102	1.45	-	1.15	103	2.20	104	85	82	3.30
Calif.	287	1.70	6	2.00	309	2.00	312	90	243	3.35

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